



Senate Finance General Government Subcommittee
General Assembly Building, Richmond, Virginia
February 2, 2004



Joint Commission

Commission Members

- Sen. Lambert, Co-Chair
- Del. Putney, Co-Chair
- Sen. Holland
- Sen. Stolle
- Sen. Stosch
- Del. Croshaw
- Del. May
- Del. Robinson
- Sec. Slater
- Sec. Tillet
- Mr. Page, Ethyl
- Mr. Leiberson, Capital One

- Established by 1998 Appropriation Act
- Included both public and private sector
- Included both Legislative and Executive Branches
- Assisted by a 12 member Technical Advisory Committee of subject matter experts
- Assisted by a 20 member Employee Advisory Committee of non-supervisory employees



Identified Best Practices

- Performance is significant
- Flexibility to adjust pay
- Reduction in job classes
- Less reliance on job reclassifications
- Movement from longevity to career progression
- Managers manage compensation



Commission Recommendations

- Implement new pay structure
- Merge classifications
- Enable career progression
- Establish pay factors
- Make salaries competitive with the market
- Revise the performance management program
- Develop new pay practices
- Recommend a stable funding mechanism



New Pay Structure

- Created broader roles
- Expanded ranges
- Enhanced career growth opportunities
- Crosswalked Sept. 25, 2000
- Salary neutral

OLD			September. 25, 2000		
GRADES	RANGE		BANDS	RANGE	
	MINIMUM	MAXIMUM		MINIMUM	MAXIMUM
1	\$ 12,689	\$ 19,811	1	\$ 12,689	\$ 26,042
2	\$ 13,871	\$ 21,657			
3	\$ 15,164	\$ 23,675			
4	\$ 16,577	\$ 25,881	2	\$ 16,577	\$ 34,021
5	\$ 18,122	\$ 28,292			
6	\$ 19,811	\$ 30,929	3	\$ 19,811	\$ 40,659
7	\$ 21,657	\$ 33,811			
8	\$ 23,675	\$ 36,962			
9	\$ 25,881	\$ 40,406	4	\$ 25,881	\$ 53,116
10	\$ 28,292	\$ 44,171			
11	\$ 30,929	\$ 48,287			
12	\$ 33,811	\$ 52,787	5	\$ 33,811	\$ 69,391
13	\$ 36,962	\$ 57,706			
14	\$ 40,406	\$ 63,083			
15	\$ 44,171	\$ 68,961	6	\$ 44,171	\$ 90,653
16	\$ 48,287	\$ 75,387			
17	\$ 52,787	\$ 82,412			
18	\$ 57,706	\$ 90,092	7	\$ 57,706	\$ 118,432
19	\$ 63,083	\$ 98,487			
20	\$ 68,961	\$ 107,665			
21	\$ 75,387	\$ 117,697	8	\$ 75,387	\$ 154,719
22	\$ 82,412	\$ 128,665			
23	\$ 90,092	\$ 140,654			
OVER 23	NO CURRENT RANGE		9	\$ 98,486	MARKET



New Terminology

- Reduced groups by 12%
- Reduced classes by 85%
- Reduced class series by 90%
- No change in positions

Old

- 8 Occupational Groups
- 580 Class Series
- 1650 Job Classes
- Positions

New

- 7 Occupational Families
- 56 Career Groups
- 256 Roles
- Work Titles



Purpose of Pay Practices

- Encourage growth and career development
- Eliminate reliance on reclassifications
- Recognize and reward high performers
- Respond to market changes
- Provide tools to address agency needs
- Emphasize management accountability



Pay Practices

Practice	Old	New
In-Band Adjustment <ul style="list-style-type: none"> ▪ Duties ▪ Development ▪ Retention ▪ Alignment 	None	0-10% (base or bonus)
Recognition Award	None	Team or Individual
Starting Pay	Up to 10%	Up to 15%
Performance	Fixed	Formula based
Reallocation/Role Change	Fixed 9.3%	Up to 10%
Promotion	Fixed 9.3%	Up to 15%
Annual General Increase	Across-the-board	Performance



Pay Practices Consider 13 Factors

- Agency business needs
- Current salary
- Work experience and education
- Performance
- Knowledge, skills, abilities, competencies
- Market availability
- Training, certification, license
- Internal salary alignment
- Budget implications
- Salary reference data
- Duties/responsibilities
- Total compensation
- Long term impact



Exceptional Incentive Options

- Used for hard to fill jobs
- Identified in Agency Compensation Plan
- Requires Cabinet Secretary approval
- Agency funded
- Written agreements

Type	Incentive Option
• Sign-on Bonus	Up to \$10,000
• Retention Bonus	Up to \$10,000 per year
• Project-Based Bonus	Up to \$10,000 per year
• Compensatory Leave	Allows carry-over beyond 12 months
• Annual Leave	30 days granted or advanced
• Applicant Referral	Up to \$1,500 per referral hired



Performance Management Goals

- Evaluate employees each fall based on goals communicated in advance
- Link employee performance to agency goals
- Create employee development plans each year
- Establish employee and manager perceptions of fairness, trust, and consistency
- Reward better performers
- Address non-performers
- Recognize group performance
- Receive employee input
- Emphasize management accountability



Evaluation Parameters

Topic	Old	New
Ratings	5 levels	3 levels
Probationary period	6 months	12 months
Salary increases	Fixed	Formula-based
Appraisal instrument	Fixed	Customized



Performance Increase Formula

Example:

3% average increase

Non-Contributors

➤ No increase

Contributors

➤ 2.4-3.0% increase

Extraordinary Contributors

➤ 3.0-7.5% increase

- Agency funding based on an average increase
- Employee increases vary based on performance
 - Varies by agency based on their compensation plan

Rating	Performance Increase
Below Contributor	No increase
Contributor	80%-100% of Average Increase
Extraordinary Contributor	100%-250% of Average Increase

- Approved, but not implemented due to funding constraints



Agency Salary Administration Plan

- Each agency develops its own plan
 - Compensation philosophy
 - Culture
 - Funding
 - Market
- Reward and recognition
- Benefits of plan
 - Emphasizes management accountability
 - Recognizes that “one size does not fit all”
 - Reduces use of “HR won’t let me”
 - Communicates management expectations



Summary

Employee Increases	Pay Practices	Performance
Basis	13 factors	Performance
Timing	Event driven	Annually on Nov. 25
Funding	Absorbed by agency budget	Central Appropriation